

OGC HAS REVIEWED.

The Fiscal Inspector
 B&F Branch
 General Counsel

26 May 1949

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Contract [REDACTED]

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1. Attached is a photostat of the above-identified contract between the United States Government [REDACTED]

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[REDACTED] for communication service between [REDACTED]. This contract has been submitted to this office for approval as to legal form, but two items require clarification before such approval can be given.

2. First, you will note that, under "Particulars", annual rent is stated at 15% 14 s. in accordance with the attached schedule. There is then listed a 25% surcharge in the amount of 30% 8 s. 6 d. No explanation of the surcharge is contained in the file. Approval cannot be given to the contract without explanation or justification of this surcharge.

3. In paragraph 8 of the attached schedule, it is stated that the renter will be responsible on demand by the [REDACTED] for payment for property of any sort used in connection with this contract which is destroyed or damaged by any cause or shall at any time be missing from the premises. This, in effect, makes [REDACTED] a guarantor of all equipment furnished by the [REDACTED] for this service. This is an unusual provision which is not in accordance with normal lease conditions. A request should be made for amendment of this provision to provide that the renter will pay for any equipment damaged or lost due to the negligence or failure to exercise due care of any employee or agent of [REDACTED]. If this change, or some equivalent provision, is not acceptable to the [REDACTED] information to that effect should be furnished to this office, together with a full explanation of the circumstances. The attached copy of the contract should also be returned to this office.

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cc: [REDACTED]

LAWRENCE R. HOUSTON

LRH:mbt